



DEPARTMENT OF THE NAVY

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IN REPLY REFER TO

10490

Ser 058133/025

27 April 2000

From: Commander, Naval Inventory Control Point, Mechanicsburg PA

To: Distribution

Subj: LEASING OF ASHORE MATERIALS HANDLING EQUIPMENT
(MHE); POLICY FOR

Ref: (a) OPNAVINST 4460.1, N413P, dtd 16 Apr 1999
(b) COMNAVSUPSYSCOM ltr 0400, 4A213/9324 dtd 25 Nov 98
(c) NAVICPINST 10490.4 dtd 17 Mar 1999

Encl: (1) NAVICP-M MHE Leasing Policy dtd 28 April 00

1. The Naval Inventory Control Point-Mechanicsburg, Code 058133 is the Program Manager for all Navy owned MHE and is responsible for setting policy and providing guidance on the use of MHE. References a through c provides this authority.

2. The purpose of this letter is to clarify and provide guidance relative to the leasing of MHE by one activity to another Navy activity.

3. Currently some ashore Navy activities are leasing and/or loaning MHE from their approved MHE allowance assets to respective tenant commands and/or other off base customers, usually in accordance with, their own local policy.

4. Problems occur when little regard is given as to how and why units were first obtained. Which type of funds were used for the initial procurement (i.e. OPN, NWCF) of the equipment, what is done with revenue obtained from leases, and specifically, and what is to be the source of funds for replacement, need to be taken into consideration. Since MHE for OPN type activities is centrally funded, one activity may be subsidizing the operation of another, causing considerable cost overruns. This practice can reduce the effectiveness of the Navy's MHE replacement program.

5. At some activities where leasing/loaning is utilized, MHE allowances are in excess of justifiable requirements. Every

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effort should be made by each activity to reduce on-hand
Subj: quantities of MHE not directly related to their stated
mission objective.

6. For shorebased equipment needs, small MHE pools have been
established at the FISC regions to assist all MHE customers. These
pools are intended to accommodate unplanned work surges requiring the
use of extra equipment and to support our MHE Service Life Extension
Program (SLEP).

7. Enclosure (1) contains MHE leasing guidance for all MHE users and
will be incorporated into the next update of reference (c).

8. The point of contact at NAVICP-M is Wayne Sponic A/C 717-605-2891,
DSN 430-2891 or Patty Witte A/C 717-605-2999 or DSN 430-2999.

A.J. Lewis
By Direction

Distribution:

OPN Navy Activities
NWCF Navy Activities
FISC Jacksonville (AMH)
FISC Norfolk (300F)
FISC San Diego (151C)
FISC Puget Sound (107)
FISC Pearl Harbor
FISC Yokosuka (307)

28 April 00

NAVICP-M MHE LEASING POLICY

1. FISC Regional MHE Manager MHE Leasing Guidelines:

(a) The regional MHE manager will maintain a small MHE pool to assist customers and to support the operation of the MHE SLEP Program. Actual size of pool required-will be coordinated through and approved by NAVICP-M 058133. The pool will consist of MHE separate from any of FISC's own assets.

(b) The regional MHE manager will follow the leasing guidelines established for each type of funding customer, including their own FISC operations that follow and are under NWCF guidelines.

(c) Lease Rate Charged to customer should include non-warranty maintenance costs for MHE while in their custody and may include a FISC administrative surcharge. No pro-rated forklift replacement fees are authorized.

(d) If leaser is a U.S. Navy activity and has a continuing requirement for MHE, they should consider establishing their own separate MHE Allowance in accordance with NAVICPINST 10490.4 MHE guidelines. The FISC Regional Manager will coordinate with NAVICP-M to investigate alternate methods of satisfying requirements, such as reassignments of excess equipment, reconsignments from procurement, or repair/SLEP of dead lined equipment.

(f) Lease periods may be extended, if, a requesting activity has inducted MHE into the MHE SLEP Program and is awaiting the return of the unit so they can return the leased MHE.

2. OPN Funded Activities:

(a) MHE is a centrally funded and managed program. Due to this centralization, MHE is assigned to each individual operating activity. This negates any requirement for loaning or leasing MHE among OPN activities.

(b) Each activity is authorized to assign MHE internally as needed to accomplish and or fulfill overall mission requirements.

(c) OPN activities are not authorized to establish pools of MHE for the purpose of leasing equipment to any other activities.

(d) All lease agreements will be coordinated through your FISC Regional MHE Manager. These requests should include the desired quantities by type of equipment, expected duration of requirement and justification of need. All costs are the responsibility of the requesting activity.

(1) For requirements less than 30 days per year, the FISC Regional MHE Manager may loan units, if available, from their respective OPN MHE pool at cost or may recommend commercial lease, depending on best economic alternative.

(2) For requirements greater than 30 days, but less than 1 year, commercial leasing will be utilized.

(3) For requirements in excess of 1 year, commercial lease is required, or, the respective activity should consider establishing their own MHE allowance in accordance with NAVICPINST 10490.4.

NWCF and Special Funded Program Activities:

(a) Each activity is authorized to assign MHE internally as needed to accomplish and/or fulfill overall mission requirements.

(b) Current local activity leasing guidelines still apply, but, if you intend to lease to other activities, you are required to recoup adequate funding to replace your own MHE.

(c) All lease agreements should be coordinated through your FISC Regional MHE Manager to verify most cost-effective method. These requests should include the desired quantities by type of equipment, expected duration of requirement and justification of need. All costs are the responsibility of the requesting activity.

(1) For emergency requirements of less than 14 days per year, the FISC Regional MHE Manager may loan units, if available, from their respective OPN MHE pool at cost can recommend commercial lease, depending on best economic alternative.

(2) For requirements greater than 14 days, but less than 1 year, commercial leasing will be utilized.

- (3) For requirements in excess of 1 year commercial lease is required, or, the respective activity should consider establishing their own MHE Allowance in accordance with NAVICPINST 10490.4.

4. Request for deviations from above guidelines should be addressed to NAVICP-M, Code 058133, on a case by case basis.